

**FAMILIES HELPING FAMILIES
OF SOUTHWEST LOUISIANA, INC.**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Year Ended June 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

4/16/08

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Families Helping Families of
Southwest Louisiana, Inc.
Lake Charles, Louisiana

We have audited the accompanying statement of financial position of Families Helping Families of Southwest Louisiana, Inc. (a non-profit organization) as of June 30, 2007, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's June 30, 2006 financial statements and, in our report dated November 8, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Families Helping Families of Southwest Louisiana, Inc. as of June 30, 2007 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2007, on our consideration of Families Helping Families of Southwest Louisiana, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs

November 8, 2007

Members

American Institute of Certified Public Accountants
Louisiana Society of Certified Public Accountants

**Families Helping Families of Southwest Louisiana, Inc.
STATEMENT OF FINANCIAL POSITION**

June 30, 2007

ASSETS

	<u>2007</u>	<u>2006</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 98,580	\$ 84,234
Grants receivable	61,570	52,485
Total current assets	<u>160,150</u>	<u>136,719</u>
FIXED ASSETS (Note A-4)		
Furniture, fixtures and equipment	48,926	44,045
Library	6,676	6,676
Building	67,728	67,728
Building improvements	3,615	3,615
Less accumulated depreciation	<u>(62,543)</u>	<u>(55,981)</u>
Total fixed assets	<u>64,402</u>	<u>66,083</u>
OTHER ASSETS		
Certificates of deposit - designated	103,000	100,000
Deposits	350	350
Accrued interest receivable	4,007	-
Prepaid insurance	1,488	1,470
Total other assets	<u>108,845</u>	<u>101,820</u>
Total Assets	\$ <u>333,397</u>	\$ <u>304,622</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 1,079	\$ 3,584
Credit card payable	-	783
Payroll taxes payable	5,734	3,477
Capital lease payable (Note F)	-	1,471
Note payable - Bank One (Note C)	7,416	7,398
Deferred revenue	<u>1,200</u>	<u>-</u>
Total current liabilities	<u>15,429</u>	<u>16,713</u>
LONG TERM LIABILITIES		
Note payable - Bank One (Note C)	<u>3,352</u>	<u>10,768</u>
Total long - term liabilities	<u>3,352</u>	<u>10,768</u>
Total Liabilities	18,781	27,481
NET ASSETS		
Unrestricted		
Board designated	103,000	100,000
Operating	211,616	177,141
Total unrestricted net assets	<u>314,616</u>	<u>277,141</u>
Total net assets	<u>314,616</u>	<u>277,141</u>
Total Liabilities and Net Assets	\$ <u>333,397</u>	\$ <u>304,622</u>

The accompanying notes are an integral part of these statements

Families Helping Families of Southwest Louisiana, Inc.

STATEMENT OF ACTIVITIES

Year ended June 30, 2007
with comparative totals for 2006

	2007				2006
	UNRESTRICTED		TEMPORARILY		
	BOARD		RESTRICTED		
	DESIGNATED	OPERATING	OPERATING	TOTAL	TOTAL
PUBLIC SUPPORT AND REVENUES					
Government grants	\$ -	\$ -	\$ 329,712	\$ 329,712	\$ 268,210
Other grants	-	-	4,134	4,134	41,000
Contributions	-	-	-	-	101,000
Fund-raising	-	-	18,907	18,907	1,364
Interest income	3,000	5,360	-	8,360	131
Miscellaneous income	-	1,582	-	1,582	183
Total public support and revenues	3,000	6,942	352,753	362,695	411,888
Reclassifications - net assets released from donor restrictions	-	352,753	(352,753)	-	-
Total unrestricted revenues and reclassifications	3,000	359,695	-	362,695	411,888
EXPENSES					
Program service	-	291,853	-	291,853	246,817
Management and general	-	28,026	-	28,026	24,938
Fund-raising	-	6,126	-	6,126	8,341
Total expenses	-	326,005	-	326,005	280,096
CHANGE IN NET ASSETS	3,000	33,690	-	36,690	131,792
NET ASSETS AT BEGINNING OF YEAR, AS ORIGINALLY REPORTED	100,000	177,141	-	277,141	154,287
PRIOR PERIOD ADJUSTMENT	-	785	-	785	(8,938)
NET ASSETS AT BEGINNING OF YEAR, AS RESTATED	100,000	177,926	-	277,926	145,349
NET ASSETS AT END OF YEAR	\$ 103,000	\$ 211,616	\$ -	\$ 314,616	\$ 277,141

The accompanying notes are an integral part of these statements

**Families Helping Families
of Southwest Louisiana, Inc.**

Statement of Functional Expenses
For the Year Ended June 30, 2007

	Program Services	Supporting Services		Total Services	Total Services
		Management and General	Fundraising	2007	2006
Advertising and Promotion	\$ 3,019	\$ 114	\$ -	\$ 3,133	\$ 2,631
Bank Service Charges	-	880	-	880	154
Books and Subscriptions	2,436	-	-	2,436	3,553
Client/Project Services	48,433	-	-	48,433	27,822
Conferences and Forums	12,526	-	-	12,526	19,630
Equip Rental and Maintenance	-	-	-	-	2,118
Fundraising	-	-	6,126	6,126	8,341
Insurance	2,313	257	-	2,570	5,063
Interest	1,554	173	-	1,727	2,058
Membership Dues	475	53	-	528	509
Miscellaneous	1,795	185	-	1,980	2,420
Office Expense and Supplies	14,761	527	-	15,288	23,269
Postage and Shipping	5,401	330	-	5,731	5,389
Printing and Publications	9,302	-	-	9,302	8,726
Professional Fees	15,525	1,725	-	17,250	5,250
Rent	2,144	-	-	2,144	-
Repairs and Maintenance	1,323	147	-	1,470	3,626
Salaries and Wages	132,297	16,856	-	149,153	121,813
Special Events	-	4,197	-	4,197	-
Staff Development	741	-	-	741	-
Stipends	725	-	-	725	6,031
Taxes and Licenses	4,903	545	-	5,448	1,882
Telephone	7,137	793	-	7,930	10,185
Travel and Transportation	16,070	247	-	16,317	9,001
Utilities	3,068	341	-	3,409	3,629
Total Functional Expenses					
Before Depreciation and Other Expenses	285,948	27,370	6,126	319,444	273,100
Depreciation Expense	5,905	656	-	6,561	6,996
Total Functional Expenses	\$ 291,853	\$ 28,026	\$ 6,126	\$ 326,005	\$ 280,096

The accompanying notes are an integral part of these statements

Families Helping Families of Southwest Louisiana, Inc.

STATEMENT OF CASH FLOWS

**Year ended June 30, 2007
with comparative totals for 2006**

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from grantors	\$ 324,763	\$ 323,898
Receipts from contributors and others	21,689	102,547
Interest received	4,353	131
Payments to employees	(149,153)	(121,813)
Payments for supplies and others	(168,829)	(166,699)
Interest payments	<u>(1,727)</u>	<u>(2,058)</u>
Net cash provided (used) by operating activities	31,096	136,006
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(4,881)	(2,590)
Purchase of certificate of deposit	<u>(3,000)</u>	<u>(100,000)</u>
Net cash used by investing activities	(7,881)	(102,590)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital lease payment for copier	(1,471)	(1,781)
Mortgage payments for office building	<u>(7,398)</u>	<u>(5,783)</u>
Net cash used by financing activities	<u>(8,869)</u>	<u>(7,564)</u>
Net increase in cash and cash equivalents	14,346	25,852
Cash and cash equivalents, beginning of year	<u>84,234</u>	<u>58,382</u>
Cash and cash equivalents, end of year	\$ <u>98,580</u>	\$ <u>84,234</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Change in net assets	\$ 36,690	\$ 131,792
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,561	6,996
Net (increase) decrease in:		
Grants receivable	(9,085)	14,688
Accrued interest receivable	(4,007)	
Prepaid expenses	(18)	(29)
Net increase (decrease) in:		
Accounts and credit card payable	(2,503)	1,414
Payroll taxes payable	2,258	(2,808)
Deferred revenue	1,200	(16,047)
Net cash provided (used) by operating activities	\$ <u>31,096</u>	\$ <u>136,006</u>

The accompanying notes are an integral part of these statements

Families Helping Families of Southwest Louisiana, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Families Helping Families of Southwest Louisiana, Inc. have been prepared on the accrual basis and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its audit guide for voluntary health and welfare organizations.

1. Organization and Purpose

Families Helping Families of Southwest Louisiana, Inc. was established in Lake Charles, Louisiana in 1991 as part of a statewide network of family resource centers. This center serves not only Calcasieu Parish, but also Allen, Beauregard, Cameron and Jeff Davis parishes. The agencies throughout the state are not-for-profit organizations designed to offer information and resources including referrals, education and training and peer to peer support to individuals and family members of individuals with special needs.

The Agency is funded by donations and personal contributions, fundraisers, and various grants from the State of Louisiana and community organizations.

2. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

3. Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Agency considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Families Helping Families of Southwest Louisiana, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Fixed Assets

Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Agency reclassifies temporarily restricted net assets to unrestricted net assets at that time. No restrictions have been placed on assets donated to the agency. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Depreciation expense for the year ended June 30, 2007 is \$6,996.

The useful lives of fixed assets for purposes of computing depreciation are:

Furniture, fixtures, and equipment	5 – 10 Years
Buildings	40 Years
Improvements	20 Years
Library	5 Years

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations. The Agency follows the practice of capitalizing all expenditures for all property and equipment in excess of \$250.

2. Basis of Presentation

The Agency is a not for profit organization that is exempt from income tax under Section 501 (c)(3) of the Internal Revenue Code and comparable state law. In addition, the Agency has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code. Therefore, no provision has been made for federal or state income taxes in the accompanying statements.

3. Contributed Services

During the year ended June 30, 2007, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assists the Agency, but these services do not meet the criteria for recognition as contributed services.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. Contributions

The Agency has also adopted SFAS No. 116, *Account for Contributions Received and Contributions Made*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

6. Concentration of Revenue and Support

The Agency receives funding primarily from grants from the State of Louisiana Department of Health and Hospitals, State Department of Education, and State Department of Social Services. If funding from these Departments were no longer available to the Agency, the operations of the Agency could be adversely impacted.

7. Advertising Costs

Advertising costs are charged to operations when incurred. Total advertising costs for the year ended June 30, 2007 were \$3,133.

8. Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2006, from which the summarized information was derived.

NOTE B – RETIREMENT BENEFITS

The Agency does not provide retirement benefits. Employees participate in the Social Security system. The Agency is not responsible for any post-employment benefits. The Agency has only the usual obligation to make current matching payments of the Social Security system for active employees.

Families Helping Families of Southwest Louisiana, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE C – NOTE PAYABLE

The Agency obtained a mortgage payable to Bank One on December 12, 2001, for the purchase of the office facilities. The note is payable in eighty four (84) monthly installments of \$667, including interest at 7.956%. Final scheduled maturities of long-term debt are as follows:

Year Ending June 30,

2008	\$ 7,416
2009	<u>3,352</u>
	\$ <u>10,768</u>

NOTE D – COMPENSATED ABSENCES

Employees of Families Helping Families of Southwest Louisiana, Inc. are entitled to paid vacation, paid sick days and personal days off depending on job classification, length of service and other factors. The value of these compensated absences was not recorded due to their immateriality. The Agency's policy is to recognize the costs of those compensated absences when actually paid to employees.

NOTE E – ALLOCATION OF PROGRAM VS. SUPPORT EXPENSES

Expenses were allocated in the accompanying financial statements to program and support services functional expense groups. An allocation of the operating expenses of the Agency has been made on the basis of Board policy and management's estimate of 10% support and 90% program. Costs relating directly to the mission of the Agency are allocated as 100% program and expenditures for support matters and direct fund-raising costs are considered 100% support.

NOTE F – PRIOR PERIOD ADJUSTMENT

In 2006, the Agency had accrued immaterial amounts owed to vendors that should have not been recorded as accounts payable. An adjustment of \$785 was made in the financial statements for June 30, 2007 to correct accounts payable. The effect of the restatement is an increase in the change in net assets for June 30, 2007.

NOTE G – CERTIFICATES OF DEPOSIT- DESIGNATED

The Agency received a contribution of \$100,000 in June 2006. The Board of Directors invested the contribution in two (2) certificates of deposit with Merrill Lynch. The Board of Directors designated the certificates of deposit for long-term purposes, investment in property and/or building.

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**Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed In Accordance
With Governmental Auditing Standards**

To the Board of Directors
Families Helping Families of
Southwest Louisiana, Inc.
Lake Charles, Louisiana

We have audited the financial statements of Families Helping Families of Southwest Louisiana (a non-profit corporation) as of and for the year ended June 30, 2007 and have issued our report thereon dated November 8, 2007. We conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Families Helping Families of Southwest Louisiana, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Members

American Institute of Certified Public Accountants
Louisiana Society of Certified Public Accountants

Compliance

As part of obtaining reasonable assurance about whether Families Helping Families of Southwest Louisiana, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the Agency, the Agency's Board of directors and the Legislative Auditor and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs

November 8, 2007

Families Helping Families of Southwest Louisiana, Inc.
Lake Charles, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2007

A. Summary of Independent Auditors' Results:

1. Unqualified opinion on financial statements.
2. No instances of noncompliance required to be reported.
3. No matters involving internal control considered to be material weaknesses.
4. No management letter issued.

FAMILIES HELPING FAMILIES OF SOUTHWEST LOUISIANA, INC.
Lake Charles, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2007

SECTION II - MANAGEMENT LETTER	
2006-1 The Agency does not maintain an adequate purchasing / accounts payable system.	Resolved
2006-2 The Agency does not make accrual entries for billings on contracts to monitor grant payments.	Resolved
2006-3 Although the Agency has financial procedures, they should be updated and the reconciliation reviewed by the Board more timely.	Resolved

THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT